



CITY COUNCIL COMMUNICATION

March 22, 2016

SUBJECT: Bulk Gasoline and Diesel Fuel Contract
SUBMITTED BY: Kyle McAdams, Fleet and Facility Administrator
REFERENCE NO: Tarrant County – Annual Contract for Motor Fuels

ACTION REQUESTED:

Consider authorizing the purchase of various types of automotive, and equipment fuels through an interlocal agreement with Tarrant County. Martin-Eagle Oil Company will be the primary supplier of gasoline, and diesel, and TAC Energy will be the secondary supplier. Douglas Distributing will be the primary supplier of bio-diesel fuel, and Martin-Eagle will be the secondary supplier.

ALTERNATIVES:

- Re-bid through the City's Purchasing Department
- Table the request
- Deny the request

SUMMARY OF SUBJECT:

The City is one of 27 governmental entities that currently purchase fuel through an interlocal agreement with Tarrant County. This will be the second renewal of the three (3) renewals allowed under the contract.

Tarrant County Commissioners Court took action on February 2, 2016 to renew the primary contract for gasoline, and diesel fuels for a twelve (12) month period to Martin-Eagle Oil Company with TAC Energy as the secondary supplier. Under the original contract Douglas Distributing was awarded the primary supplier for B10/B20 bio-diesel fuels, and Martin-Eagle as the secondary supplier.

Charges will be an average mark-up of \$0.0187 per gallon regular unleaded, and a mark-up of \$0.0163 per gallon diesel per transport load (4,000 gallons or greater). Bobtail deliveries (3,999 gallons or less) will be charged at a mark-up of \$0.0387 for unleaded, and a mark-up of \$0.0263 for diesel. Bio-diesel fuels will be an average mark-up of \$0.0800 for bobtail deliveries (3,999 gallons or less), and a mark-up of \$0.0600 from transport loads (4,000 gallons or greater). The city currently utilizes a B10 bio-diesel blend (10% soy based, and 80% low sulfur diesel).

All fuel pricing will be based on OPIS (Organization of Petroleum Information Services) daily average net cost per gallon of fuel on the day ordered including dealer mark-up or mark down plus any superfund fees.

The city is exempt from federal tax on gasoline, and diesel. State tax on diesel is calculated for on-road usage only, and is paid on a monthly basis.

FINANCIAL CONSIDERATIONS:

Revenue Sources:	Annual Budget
Expenditure Accounts:	Unleaded Fuel: 504-5090-519.62-61 Diesel Fuel: 504-5090-519.62-62 Bio-Diesel Fuel: 504-5090-519.62-64
Budgeted Fiscal Year(s):	FY2016-2017
Budgeted Expenditure:	Unleaded Fuel: \$ 235,000 Diesel Fuel: 113,400 Bio-Diesel Fuel: 12,000
Estimated Expenditure:	Unleaded Fuel: \$ 235,000 Diesel Fuel: 113,400 Bio-Diesel Fuel: 12,000
Over/Under Projection By:	\$ 0
Other Comments:	

SUPPORTING DOCUMENTS:

- Tarrant County Commissioners Court Communications

APPROVED BY:

_____ LG _____	City Manager's Office
_____ LW _____	City Secretary's Office